

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1988, as amended. (V1.07)

Unit Name* VILLAGE OF GAGETOWN	County* TUSCOLA	Type* VILLAGE	MuniCode* 79-3-050
Opinion Date-Use Calendar* Sep 4, 2008	Audit Submitted-Use Calendar* Sep 15, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts Issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing unit timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin)?
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies?
<input checked="" type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue:	? \$ 151,542.00
General Fund Expenditure:	? \$ 142,849.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	? \$ 212,265.00
Governmental Activities Long-Term Debt (see instructions):	? \$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* GARY	Last Name* ANDERSON	Ten Digit License Number* 1101005446		
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VILLAGE OF GAGETOWN

REPORT ON FINANCIAL STATEMENTS
(With Additional Information)

MARCH 31, 2008

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ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

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September 4, 2008

REPORT OF INDEPENDENT AUDITORS

Honorable Village Council
Village of Gagetown
Gagetown, Michigan 48723

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Gagetown, as of and for the year ended March 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Gagetown's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township has implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments as of June 30, 2003.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Gagetown, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages i through iv and 19, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Gagetown's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The combining and individual nonmajor fund financial statements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Anderson, Tuckey, Bernhardt & Doran, P.C.

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VILLAGE OF GAGETOWN, MICHIGAN

Management's Discussion and Analysis

Our discussion and analysis of the Village of Gagetown's financial performance provides an overview of the Village's financial activities for the fiscal year ended March 31, 2008. Please read it in conjunction with the Village's financial statements.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management Discussion and Analysis (MD&A) – for State and Local Governments issued in June of 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the district has elected to exclude the comparative information.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2008:

- The fund balance in the General Fund increased from \$183,391 to \$212,265
- State-shared revenue, the Village's second largest General Fund revenue source, was reduced by the State of Michigan by \$9,621 representing a 17.6% decrease from the prior fiscal year. However, the \$45,063 received from the State of Michigan was above the budgeted projection by \$4,163.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements by providing information about the Village's most significant funds.

VILLAGE OF GAGETOWN, MICHIGAN

Management's Discussion and Analysis

The Village as a Whole

The following table shows, in a condensed format, the net assets as of the current date:

	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 519,654	\$ 269,967	\$ 789,621
Noncurrent assets	\$ 62,181	\$ 1,766,974	\$ 1,829,155
Total assets	<u>\$ 581,835</u>	<u>\$ 2,036,941</u>	<u>\$ 2,618,776</u>
Current liabilities	\$ 171,285	\$ 64,291	\$ 235,576
Long-term liabilities		539,000	539,000
Total liabilities	<u>\$ 171,285</u>	<u>\$ 603,291</u>	<u>\$ 774,576</u>
Net assets:			
Invested in capital assets, net of related debt	\$ 62,181		\$ 62,181
Contributed capital		\$ 1,506,260	\$ 1,506,260
Restricted			\$ -
Unrestricted	<u>\$ 348,369</u>	<u>\$ (72,610)</u>	<u>\$ 275,759</u>
Total net assets	<u>\$ 410,550</u>	<u>\$ 1,433,650</u>	<u>\$ 1,844,200</u>

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations ended the fiscal year with a balance of \$348,369 in the governmental activities.

VILLAGE OF GAGETOWN, MICHIGAN

Management's Discussion and Analysis

The following table shows the changes of the net assets during the current year:

	Governmental Activities	Business-Type Activities	Total
Net Assets - Beginning of year	\$ 367,375	\$ 1,557,398	\$ 1,924,773
Revenue			
Program revenue:			
Charges for services	\$ 11,962	\$ 50,857	\$ 62,819
Operating grants and contributi			-
General revenue:			
Property taxes	101,774		101,774
Intergovernmental revenue	101,650		101,650
Investment earnings	440	4,990	5,430
Miscellaneous	3,837		3,837
Net transfers	20,181		20,181
Total revenue	\$ 239,844	\$ 55,847	\$ 295,691
Program Expenses			
General government	\$ 52,615		\$ 52,615
Road maintenance and repair	49,143		49,143
Public safety	23,760		23,760
Public works	50,232		50,232
Culture and recreation	13,639		13,639
Water & sewer		\$ 179,595	179,595
Depreciation	7,280		7,280
Interest on long-term debt			-
Total expenses	\$ 196,669	\$ 179,595	\$ 376,264
Change in Net Assets	\$ 43,175	\$ (123,748)	\$ (80,573)
Net Assets - End of Year	\$410,550	\$1,433,650	\$1,844,200

VILLAGE OF GAGETOWN, MICHIGAN

Management's Discussion and Analysis

Business-type Activities

The Village's business-type activities consist of the Water and Sewer Funds. The Village provides water to residents from ground water wells. Sewage treatment is provided through a Village-owned and operated sewage treatment plant.

The Water and Sewer Fund had a net loss of \$123,748, and its cash flow increased by \$15,780. Revenues for the fund were down about 14%.

The Village's Funds

Our analysis of the Village's major funds follows the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. The Village Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Village's major fund for the current year includes the General Fund.

The General Fund pays for most of the Village's governmental services. The most significant are Administration, Police Department, and Public Works which incurred expenses of approximately \$129,210 in the current fiscal year. These costs and the remaining \$13,639 cost of the other General Fund departments are funded by real and personal property taxes and other general revenue sources of the General Fund.

General Fund Budgetary Highlights

Overall, revenues in the General Fund were above the budget by \$11,942.

Village departmental expenses in the General Fund overall spent less than budget projections by \$2,736.

Capital Asset and Debt Administration

As of March 31, 2008, the Village had a total of approximately \$1,829,155 (net of depreciation) invested in a broad range of capital assets, including equipment, and water and sewer lines.

More detailed information concerning capital assets and long-term debt can be found in Notes 8 and 11, respectively, in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

In preparing 2008-2009 budget, the village expects similar activity levels to 2007-2008. State shared revenues have been consistently declining in recent years, and this trend is expected to continue. Other revenues are expected to be consistent with the 2007-2008 fiscal year.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the village's office.

BASIC FINANCIAL STATEMENTS

VILLAGE OF GAGETOWN
STATEMENT OF NET ASSETS
MARCH 31, 2008

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 319,967	\$ 181,755	\$ 501,722
Accounts receivable	4,290	45,508	49,798
Prepaid Insurance	2,425		2,425
Due from other governmental units	7,827		
Due from other funds	185,145	42,704	227,849
TOTAL CURRENT ASSETS	519,654	269,967	789,621
CAPITAL ASSETS			
Fixed assets, net of accumulated depreciation	62,181	1,766,974	1,829,155
TOTAL CAPITAL ASSETS	62,181	1,766,974	1,829,155
TOTAL ASSETS	<u>\$ 581,835</u>	<u>\$ 2,036,941</u>	<u>\$ 2,618,776</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Payroll taxes withheld	\$ 686		\$ 686
Customer deposits payable	-	\$ 1,041	1,041
USDA loan payable	-	6,000	6,000
Due to other funds	170,599	57,250	227,849
TOTAL CURRENT LIABILITIES	171,285	64,291	235,576
NONCURRENT LIABILITIES:			
Long Term Debt	-	539,000	539,000
TOTAL NONCURRENT LIABILITIES	-	539,000	539,000
NET ASSETS			
Invested in capital assets, net of related debt	62,181		62,181
Contributed capital		1,506,260	1,506,260
Restricted for a specific purpose			-
Unrestricted	348,369	(72,610)	275,759
TOTAL NET ASSETS	410,550	1,433,650	1,844,200
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 581,835</u>	<u>\$ 2,036,941</u>	<u>\$ 2,618,776</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF GAGETOWN
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities
Primary Government						
Governmental activities:						
General governmental	\$ 52,615	\$ 11,962			\$ (40,653)	\$ (40,653)
Road maintenance and repair	49,143				(49,143)	(49,143)
Health and sanitation						
Public safety	23,760				(23,760)	(23,760)
Public works	50,232				(50,232)	(50,232)
Culture and recreation	13,639				(13,639)	(13,639)
Community development						
Depreciation	7,280				(7,280)	(7,280)
Interest on long-term debt						
Total governmental activities	196,669	11,962	-	-	(184,707)	(184,707)
Business-type activities						
Water	99,932	38,981				\$ (60,951)
Sewage disposal	79,663	11,876				(67,787)
Total Primary Government	\$ 376,284	\$ 62,819	\$ -	\$ -	(184,707)	(313,445)

General revenues:						
Taxes:						
Property taxes, levied for general purposes				101,774		101,774
Property taxes, levied for streets and sanitation purposes						-
Intergovernmental revenue				101,650		101,650
Investment earnings				440	4,990	5,430
Miscellaneous				3,837		3,837
Net transfers				20,181		20,181
Total general revenues and transfers				227,882	4,990	232,872
Change in net assets				43,175	(123,748)	(80,573)
Net assets - beginning				367,375	1,557,398	1,924,773
Net assets - ending				\$ 410,550	\$ 1,433,650	\$ 1,844,200

**VILLAGE OF GAGETOWN
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2008**

	<u>GENERAL</u>	<u>OTHER NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash	\$ 319,967		\$ 319,967
Accounts receivable	4,290		4,290
Prepaid Insurance	2,425		2,425
Due from other Governmental Units		7,827	7,827
Due from other funds	56,128	\$ 129,017	185,145
TOTAL ASSETS	<u>\$ 382,810</u>	<u>\$ 136,844</u>	<u>\$ 519,654</u>
<u>LIABILITIES & FUND EQUITY</u>			
Liabilities:			
Payroll taxes withheld	\$ 686		\$ 686
Customer deposits payable	-		-
USDA loan payable			-
Due to other funds	169,859		169,859
Total Liabilities	170,545	-	170,545
Fund Balances:			
Reserved			
Unreserved, reported in:			
General fund	212,265		212,265
Special revenue funds		\$ 136,844	136,844
Total Fund Equity	212,265	136,844	349,109
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 382,810</u>	<u>\$ 136,844</u>	<u>\$ 519,654</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF GAGETOWN
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2008

	Modified Accrual Basis	Reconciling Items		Full Accrual Basis
	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>CAPITAL ASSETS & LONG TERM DEBT</u>	<u>INTERNAL SERVICE FUNDS</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash	\$ 319,967			\$ 319,967
Accounts receivable	4,290			4,290
Prepaid Insurance	2,425			2,425
Due from other Governmental Units	7,827			7,827
Due from other funds	185,145			185,145
Total Current Assets	<u>519,654</u>	<u>-</u>	<u>-</u>	<u>519,654</u>
Capital assets:				
Land				-
Depreciable capital assets		\$ 136,066	\$ 126,599	262,665
Less: Accumulated depreciation		(106,730)	(93,754)	(200,484)
Total Non-Current Assets	<u>-</u>	<u>29,336</u>	<u>32,845</u>	<u>62,181</u>
TOTAL ASSETS	<u>\$ 519,654</u>	<u>\$ 29,336</u>	<u>\$ 32,845</u>	<u>\$ 581,835</u>
<u>LIABILITIES & FUND BALANCES</u>				
Liabilities:				
Payroll taxes withheld	\$ 686			\$ 686
Customer deposits payable	-			-
USDA loan payable	-			-
Due to other funds	169,859		\$ 740	170,599
Total Liabilities	<u>170,545</u>	<u>-</u>	<u>740</u>	<u>171,285</u>
Fund Balances:				
Reserved				-
Unreserved, reported in:				
General fund	212,265	\$ 29,336		241,601
Special revenue funds	136,844			136,844
Internal service fund			32,105	32,105
Total Fund Balances	<u>349,109</u>	<u>29,336</u>	<u>32,105</u>	<u>410,550</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 519,654</u>	<u>\$ 29,336</u>	<u>\$ 32,845</u>	<u>\$ 581,835</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF GAGETOWN
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2008

		OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTALS (MEMORANDUM ONLY) MARCH 31, 2008
	GENERAL		
REVENUES:			
Local revenue	\$ 90,340	\$ 11,434	\$ 101,774
Intergovernmental Revenue			
State & Federal	45,063	56,587	101,650
License, Permits and Fees	153		153
Charges for Services	11,962		11,962
Interest Income	440		440
Miscellaneous	3,584		3,584
TOTAL REVENUE	151,542	68,021	219,563
EXPENDITURES:			
Clerk/Treasurer	33,410		33,410
Village Buildings & Grounds	19,205		19,205
Police Department	23,760		23,760
Public Works Department	52,835		52,835
Parks	13,639		13,639
Streets		49,143	49,143
TOTAL EXPENDITURES	142,849	49,143	191,992
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	8,693	18,878	27,571
OTHER FINANCING SOURCES (USES)			
Transfers in	20,181	-	20,181
Transfers out	-		-
TOTAL OTHER FINANCING SOURCES (USES):	20,181	-	20,181
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	28,874	18,878	47,752
FUND BALANCE - APRIL 1	183,391	117,967	301,358
FUND BALANCE - MARCH 31	\$ 212,265	\$ 136,844	\$ 349,109

The accompanying notes are an integral part of the financial statements.

VILLAGE OF GAGETOWN
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

Net change in fund balances - total governmental funds	\$47,752
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their useful lives as depreciation expense	
Depreciation expense	(7,280)
Capital outlay	2,603
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, motor pool, central services, and retirees health care, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	100
Change in net assets of governmental activities	<u>\$43,175</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF GAGETOWN
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
MARCH 31, 2008

	ENTERPRISE		TOTALS	GOVERNMENTAL
	WATER	SEWAGE DISPOSAL	CURRENT YEAR	ACTIVITIES INTERNAL SERVICE FUND
<u>ASSETS</u>				
Cash	\$ 35,777	\$ 145,978	\$ 181,755	
Accounts receivable - net	7,114	38,394	45,508	
Fixed assets	1,091,773	2,102,280	3,194,053	\$ 126,599
Less accumulated depreciation & amortization	(323,319)	(1,103,760)	(1,427,079)	(93,754)
Due from other funds	1,862	40,842	42,704	
TOTAL ASSETS	<u>\$ 813,207</u>	<u>\$ 1,223,734</u>	<u>\$ 2,036,941</u>	<u>\$ 32,845</u>
<u>LIABILITIES & NET ASSETS</u>				
Liabilities:				
Due to other funds	\$ 55,388	1,862	\$ 57,250	\$ 740
USDA loan payable	545,000		545,000	
Customer deposits payable	1,041		1,041	
Total Liabilities	601,429	1,862	603,291	740
Net Assets:				
Contributed capital	261,999	\$ 1,244,261	1,506,260	
Unrestricted	(50,221)	(22,389)	(72,610)	32,105
Total Net Assets	211,778	1,221,872	1,433,650	32,105
TOTAL LIABILITIES & NET ASSETS	<u>\$ 813,207</u>	<u>\$ 1,223,734</u>	<u>\$ 2,036,941</u>	<u>\$ 32,845</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF GAGETOWN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
YEAR ENDED MARCH 31, 2008

	ENTERPRISE		TOTAL	GOVERNMENTAL
	WATER	SEWAGE DISPOSAL	MARCH 31, 2008	ACTIVITIES INTERNAL SERVICE FUND
OPERATING REVENUE:				
Water & sewer system sales	\$ 28,981	\$ 11,876	\$ 40,857	
Other services, charges & sales	10,000	-	10,000	42,914
Interest & penalties	-	-	-	
TOTAL OPERATING REVENUE	38,981	11,876	50,857	42,914
OPERATING EXPENSES:				
Salaries & wages	4,227	6,338	10,565	1,823
Employee benefits	323	81	404	139
Operating supplies	570	490	1,060	2,758
Maintenance Contract	-	11,000	11,000	-
Professional fees	-	-	-	-
Insurance	1,896	3,347	5,243	1,818
Gas & Oil	-	-	-	3,403
Utilities	5,623	1,426	7,049	-
Repair & maintenance	897	3,830	4,727	2,201
Equipment rental	5,347	-	5,347	-
Testing	2,295	-	2,295	-
Depreciation	54,992	52,560	107,552	10,684
Miscellaneous	-	591	591	7
TOTAL OPERATING EXPENSES	76,170	79,663	155,833	22,833
OPERATING INCOME (LOSS)	(37,189)	(67,787)	(104,976)	20,081
NON-OPERATING REVENUE (EXPENSES)				
Transfer to general fund				(20,181)
Interest earned (expense)	(23,762)	4,990	(18,772)	200
TOTAL NON-OPERATING REVENUE (EXPENSES)	(23,762)	4,990	(18,772)	(19,981)
NET INCOME (LOSS)	(60,951)	(62,797)	(123,748)	100
ADD: DEPRECIATION ON FIXED ASSETS ACQUIRED BY GRANT, WHICH REDUCES CONTRIBUTED CAPITAL	-	43,264	43,264	-
INCREASE IN NET ASSETS	(60,951)	(19,533)	(80,484)	100
NET ASSETS - APRIL 1	10,730	(2,856)	7,874	32,005
NET ASSETS - MARCH 31	\$ (50,221)	\$ (22,389)	\$ (72,610)	32,105

The accompanying notes are an integral part of the financial statements.

VILLAGE OF GAGETOWN
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED MARCH 31, 2008

	<u>ENTERPRISE</u>		<u>TOTAL</u>	<u>GOVERNMENTAL</u>
	<u>WATER</u>	<u>SEWAGE</u>	<u>MARCH 31,</u>	<u>ACTIVITIES</u>
		<u>DISPOSAL</u>	<u>2008</u>	<u>INTERNAL</u>
				<u>SERVICE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	\$(60,951)	\$ (62,797)	\$ (123,748)	\$ 100
ADJUSTMENT TO RECONCILE NET INCOME TO				
CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation and Amortization	54,992	52,560	107,552	10,684
CHANGE IN CURRENT ASSETS AND LIABILITIES:				
(Increase) decrease in accounts receivable	294	4,746	5,040	-
(Increase) decrease in Due from other funds	(1,861)	5,991	4,130	-
Increase (decrease) in Due to other funds	26,944	1,862	28,806	(10,784)
NET CASH PROVIDED BY OPERATING ACTIVITIES	19,418	2,362	21,780	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures	-	-	-	-
Principal Payment on USDA Loan	(6,000)	-	(6,000)	-
NET INCREASE IN CASH & CASH EQUIVALENTS	13,418	2,362	15,780	-
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	22,359	143,616	165,975	-
CASH & CASH EQUIVALENTS AT END OF YEAR	<u>\$ 35,777</u>	<u>\$ 145,978</u>	<u>\$ 181,755</u>	<u>\$ -</u>

For purpose of reporting cash flows, cash and cash equivalents includes cash on hand, demand deposits in bank, and balances of certificates of deposits.

The accompanying notes are an integral part of the financial statements.

VILLAGE OF GAGETOWN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Village of Gagetown (the Village) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village of Gagetown.

ADOPTION OF NEW ACCOUNTING STANDARDS

During the fiscal period 2007-2008, the Village adopted GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issue June 1999; GASB Statement 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus, an amendment to GASB Statement No 21 and No. 34, issued June 2001, and in GASB Statement No. 38, Certain Financial Statement Note Disclosures, issued in 2001. These statements require the Township to prepare a Management's Discussion and Analysis, government-wide financial statements on an accrual basis, and make some changes to the footnotes.

The following table shows beginning net assets related for the effects of implementation of GASB Statement No. 34:

Fund balance at March 31, 2007 – governmental funds	\$333,361
Net capital assets (restated)	<u>34,014</u>
Restated net assets – March 31, 2007	<u>\$367,375</u>

DESCRIPTION OF VILLAGE OPERATIONS AND FUND TYPES:

The Village of Gagetown is governed by an elected council. The Village provides various services to its residents including law enforcement, community enrichment and human services.

REPORTING ENTITY:

In accordance with U.S. generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Village of Gagetown (the primary government) and its component units. The criteria established by the GASB for determining the reporting entity include oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

BASIS OF PRESENTATION:

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

VILLAGE OF GAGETOWN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

GOVERNMENTAL FUNDS:

Governmental funds include the following fund types:

General Fund:

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of: (1) general Village governmental departments, boards and commissions; (2) court systems; (3) law enforcement; and (4) health, welfare and medical assistance. The fund includes the general operating expenditures of the Village.

Special Revenue Funds:

These funds are used to account for specific revenue (other than special assessments, expendable trusts, or major capital projects) derived from State and Federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

PROPRIETARY FUNDS:

Enterprise Funds:

These funds account for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds:

These funds account for the financing of goods and services provided by one department or agency to other department or agencies of the governmental unit, or to other governmental units on a cost reimbursement basis or for the purchase of delinquent real property taxes from local units of government.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the Village of Gagetown. There are three major funds reported on the government-wide financial statements.

The Statement of Net Assets presents the Village's assets and liabilities with the difference being reported as either invested in capital assets, net of related debt, or restricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

VILLAGE OF GAGETOWN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

BUDGETS AND BUDGETARY ACCOUNTING:

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue and debt service funds. All annual appropriations lapse at fiscal year-end. The budgeted revenues and expenditures for governmental fund types include any authorized amendments to the original budget as adopted.

BUDGETS AND BUDGETARY ACCOUNTING, (Continued):

Encumbrances represent commitments related to unperformed contracts for goods or services. The Village does not utilize encumbrance accounting.

CASH AND CASH EQUIVALENTS:

Cash includes amounts in petty cash and demand deposits. Investments include instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value.

State statutes authorize the Village to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 50% of any fund at any time. The Village is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

SHORT-TERM INTERFUND RECEIVABLES/PAYABLES:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

RECEIVABLES:

Receivables consist primarily of amounts for intergovernmental revenue and customer charges. An allowance for doubtful accounts has been established in those funds where it was determined to be necessary. Credit risk is minimal because of the large number of customers and the authority of the Village to add receivables to the tax rolls that are secured by the underlying property.

VILLAGE OF GAGETOWN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

CAPITAL ASSETS:

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, etc.) are reported in the operating fund in the government-wide financial statements. Capital assets are defined by the Village of Gagetown as assets with initial individual cost of more than \$5,000. Any donated assets are recorded at estimated fair market value at the date of donation.

GASB 34 requires major networks and major subsystems of infrastructure assets acquired, donated, constructed or substantially rehabilitated since fiscal years ending after February 29, 1980 be inventoried and capitalized by the fourth anniversary of the mandated date of adoption of the other provisions GASB 34. The Village has capitalized the current year's infrastructure, as required by GASB 34, and has reported the infrastructure in the Statement of Net Assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed over the estimated useful lives using the straight-line method.

Interest is capitalized on proprietary fund assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project.

DEPRECIATION:

Depreciation expense amounted to \$125,516 for the year ended March 31, 2008. Depreciation is computed using the straight-line method. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Meters	13 - 20
Sewer System	50 - 67
Water Mains	50
Elevated Water Storage Tank	50
Motor Vehicles & Related Equipment	3 - 10

LONG-TERM OBLIGATIONS:

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

FUND EQUITY:

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other Village resources to purchase or construct the water and sewer systems currently in use within the Village. In order to more accurately reflect the equity remaining in these contributions, the contributions are being amortized over the useful life of the assets they aided in constructing or purchasing.

VILLAGE OF GAGETOWN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

INTERFUND TRANSACTIONS:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

MEMORANDUM ONLY - TOTAL COLUMNS:

The total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with U.S generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Prior year memorandum total amounts have been updated for comparative purposes.

ESTIMATES:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – SEGMENT INFORMATION:

The Village maintains two enterprise funds that provide water and sewer services. Segment information for the year ended March 31, 2008, is as follows:

	<u>WATER</u>	<u>SEWAGE DISPOSAL</u>	<u>TOTAL ENTERPRISE FUNDS</u>
Operating revenue	\$38,981	\$11,876	\$50,857
Depreciation & Amortization expense	54,992	52,560	107,552
Operating income (loss)	(37,189)	(67,787)	(100,249)
Net income (loss)	(60,951)	(62,797)	(119,021)
Net working capital (deficit)	(11,677)	223,352	211,677
Total identifiable assets	813,207	1,223,734	2,036,941
Total equity	211,778	1,221,872	1,433,651

VILLAGE OF GAGETOWN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES:

The amounts of interfund receivables and payables are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>FUND</u>	<u>INTERFUND PAYABLE</u>
General	\$ 56,128	General	\$169,859
Special Revenue	129,017	Enterprise	57,250
Enterprise	42,704	Internal Service	740
Equipment	<u>-</u>		<u>-</u>
Total	<u>\$227,849</u>	Total	<u>\$227,849</u>

NOTE 4 - CASH AND EQUIVALENTS:

DEPOSITS:

At year-end, the carrying amount of the Village's deposits was \$500,438 and the bank balance was \$501,503. Of the bank balance, \$100,000 was covered by federal depository insurance with the remaining balance uninsured and uncollateralized. Additional disclosures required by GASB 40 are not included in the accompanying financial statements because the Village does not have any investments.

The Village's cash and cash equivalents at March 31, 2008 are composed of the following:

	<u>CASH AND CASH EQUIVALENTS</u>
General Fund Deposits	\$319,967
Other Funds Deposits	
Water Fund	35,777
Sewer Fund	<u>145,978</u>
TOTAL	<u>\$501,722</u>

NOTE 5 - CONTRIBUTED CAPITAL:

Contributed capital currently exists only in the Enterprise Funds. This capital has been used along with other Village resources to purchase or construct the water and sewer systems currently in use or still in construction within the Village. In order to more accurately reflect the equity remaining in these contributions, depreciation expense on fixed assets acquired by grants, entitlements and shared revenues is closed to contributed capital rather than retained earnings.

VILLAGE OF GAGETOWN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 6 - CAPITAL ASSET SUMMARY:

A summary of governmental activities property, plant, and equipment at March 31, 2008 is as follows:

	Balance April 1, 2007	Additions	Deletions	Balance March 31, 2008
Depreciable Assets				
Buildings & Equipment	\$ 133,464	\$ 2,603	-	\$ 136,067
Internal Vehicles & Equipment	<u>126,499</u>	<u>-</u>	<u>-</u>	<u>126,499</u>
Total Cost	259,963	2,603	-	262,566
Accumulated depreciation	<u>(182,421)</u>	<u>(17,964)</u>	<u>-</u>	<u>(200,385)</u>
Net capital assets	<u>\$ 77,542</u>	<u>\$ (15,361)</u>	<u>\$ -</u>	<u>\$ 62,181</u>

Depreciation for the year ended March 31, 2008 was \$7,280 for the General Fund and \$10,684 for the Internal Service Fund.

A summary of proprietary fund type property, plant, and equipment at March 31, 2008 is as follows:

	Balance April 1, 2007	Additions	Deletions	Balance March 31, 2008
Depreciable Assets				
Meters	\$ 6,359	\$ -	-	\$ 6,359
Sewer System	2,102,280	-	-	2,102,280
Water Mains	215,491	-	-	215,491
Elevated Water Storage Tanks	<u>869,923</u>	<u>-</u>	<u>-</u>	<u>869,923</u>
Total Cost	3,194,053	-	-	3,194,053
Accumulated depreciation	<u>(1,319,527)</u>	<u>(107,552)</u>	<u>-</u>	<u>(1,427,079)</u>
Net capital assets	<u>\$ 1,874,526</u>	<u>\$ (107,552)</u>	<u>\$ -</u>	<u>\$ 1,766,974</u>

All depreciation is computed using the straight-line method. Depreciation expense for the Water Fund was \$54,992 and depreciation for the Sewer Fund was \$52,560 for the year ended March 31, 2008.

NOTE 7 - PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of July 1. Taxes are levied on July 1 and are due in September. The Village bills and collects its own property taxes. Village tax revenues are recognized in the year of levy.

VILLAGE OF GAGETOWN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 8 - LEGAL COMPLIANCE - BUDGETS:

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to March 31 of each year, a proposed budget is submitted to the Council for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1 the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Village Council.
5. Formal budgetary integration is employed as a management control device during the year for the general fund, debt service fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Village Council during the fiscal year. Individual amendments were not material in relation to the original appropriations that were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

NOTE 9 - RISK MANAGEMENT:

The Village is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims from these risks have not exceeded insurance coverage for the past three years.

VILLAGE OF GAGETOWN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

NOTE 10 – LONG-TERM DEBT:

On April 5, 2004 the Village approved Ordinance Number 115 to provide for the acquisition and construction of improvements and extensions to the Village water supply system. The ordinance also provides for the sale of bonds in the amount of \$568,000 and collection of revenue to pay for the bonds and the operation and maintenance of the system. A grant of \$853,000 from the USDA will cover part of the costs of the project.

Year	October 1 st Interest	April 1 st Interest	Principle paid	Total year pmt	Loan Balance
2008	12,053	12,053	6,000	30,106	545,000
2009	11,922	11,922	6,500	30,344	538,500
2010	11,780	11,780	6,500	30,059	532,000
2011	11,638	11,638	7,000	30,275	525,000
2012	11,484	11,484	7,000	29,969	518,000
2013	11,331	11,331	7,500	30,163	510,500
2014	11,167	11,167	8,000	30,344	502,500
2015	10,992	10,992	8,500	30,484	494,000
2016	10,806	10,806	8,500	30,113	485,500
2017	10,620	10,620	9,000	30,241	476,500
2018	10,423	10,423	9,000	30,347	467,000
2019	10,216	10,216	10,000	30,431	457,000
2020	9,997	9,997	10,500	30,494	446,500
2021	9,767	9,767	11,000	30,534	435,500
2022	9,527	9,527	11,500	30,553	424,000
2023	9,275	9,275	12,000	30,550	412,000
2024	9,013	9,013	12,500	30,525	399,500
2025	8,739	8,739	13,000	30,478	386,500
2026	8,455	8,455	13,500	30,409	373,000
2027	8,159	8,159	14,000	30,319	359,000
2028	7,853	7,853	14,500	30,206	344,500
2029	7,536	7,536	15,500	30,572	329,000
2030	7,197	7,197	16,000	30,394	313,000
2031	6,847	6,847	17,000	30,694	296,000
2032	6,475	6,475	17,500	30,450	278,500
2033	6,092	6,092	18,500	30,684	260,000
2034	5,688	5,688	19,000	30,375	241,000
2035	5,272	5,272	20,000	30,544	221,000
2036	4,834	4,834	21,000	30,669	200,000
2037	4,375	4,375	22,000	30,750	178,000
2038	3,894	3,894	23,000	30,788	155,000
2039	3,391	3,391	24,000	30,781	131,000
2040	2,866	2,866	25,000	30,731	106,000
2041	2,319	2,319	26,000	30,638	80,000
2042	1,750	1,750	27,500	31,000	52,500
2043	1,148	1,148	28,500	30,797	24,000
2044	525	525	24,000	25,050	0

NOTE 11 – TRANSFERS:

During the year ended March 31, 2008 the Internal Service Fund transferred \$20,181 to the General Fund. The transfer was to allocate the Internal Service Fund profits to the General Fund for operating and administrative expenses.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF GAGETOWN
GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND
BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED MARCH 31, 2008

	BUDGET		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES:				
Local revenue	\$ 85,900	\$ 85,900	\$ 90,340	\$ 4,440
Intergovernmental Revenue				
State & Federal	40,900	40,900	45,063	4,163
License, Permits and Fees	50	50	153	103
Charges for Services	11,700	11,700	11,962	262
Interest Income	200	200	440	240
Miscellaneous	850	850	3,584	2,734
TOTAL REVENUE	139,600	139,600	151,542	11,942
EXPENDITURES:				
Clerk/Treasurer	32,335	35,950	33,410	2,540
Village Buildings & Grounds	24,350	19,245	19,205	40
Police Department	19,250	23,825	23,760	65
Public Works Department	50,275	52,875	52,835	40
Parks	9,425	13,690	13,639	51
TOTAL EXPENDITURES	135,635	145,585	142,849	2,736
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,965	(5,985)	8,693	14,678
OTHER FINANCING SOURCES (USES)				
Transfers in	12,000	12,000	20,181	8,181
Transfers out	(20,000)	(10,050)	-	10,050
TOTAL OTHER FINANCING SOURCES (USES):	(8,000)	1,950	20,181	18,231
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	(4,035)	(4,035)	28,874	32,909
FUND BALANCE - APRIL 1	183,391	183,391	183,391	-
FUND BALANCE - MARCH 31	\$ 179,356	\$ 179,356	\$ 212,265	\$ 32,909

The accompanying notes are an integral part of the financial statements.

ADDITIONAL INFORMATION

VILLAGE OF GAGETOWN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 2008

	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Due from Other Governmental Units	\$ 5,716	\$ 2,111	\$ 7,827
Due from other funds	<u>86,337</u>	<u>42,680</u>	<u>129,017</u>
TOTAL ASSETS	<u>\$ 92,053</u>	<u>\$ 44,791</u>	<u>\$ 136,844</u>
 <u>LIABILITIES & FUND EQUITY</u>			
Liabilities:			
Fund equity:			
Fund balance:			
Undesignated	<u>\$ 92,053</u>	<u>\$ 44,791</u>	<u>\$ 136,844</u>
Total Fund Equity	<u>92,053</u>	<u>44,791</u>	<u>136,844</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 92,053</u>	<u>\$ 44,791</u>	<u>\$ 136,844</u>

See the accompanying notes.

VILLAGE OF GAGETOWN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2008

	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
REVENUE:			
Local revenue	\$ 8,461	\$ 2,973	\$ 11,434
Intergovernmental revenue	<u>43,344</u>	<u>13,243</u>	<u>56,587</u>
TOTAL REVENUE	<u>51,805</u>	<u>16,216</u>	<u>68,021</u>
EXPENDITURES:			
Streets	<u>29,457</u>	<u>19,686</u>	<u>49,143</u>
TOTAL EXPENDITURES	29,457	19,686	49,143
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>22,348</u>	<u>(3,470)</u>	<u>18,878</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	<u>22,348</u>	<u>(3,470)</u>	<u>18,878</u>
FUND BALANCE - APRIL 1	<u>69,705</u>	<u>48,262</u>	<u>117,967</u>
FUND BALANCE - MARCH 31	<u><u>\$ 92,053</u></u>	<u><u>\$ 44,791</u></u>	<u><u>\$ 136,844</u></u>

See the accompanying notes.

VILLAGE OF GAGETOWN
MAJOR STREET FUND
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Local revenue:			
Property tax levy	-	\$ 8,461	-
Total Local	-	8,461	-
Intergovernmental revenue:			
Gas & weight tax	-	43,344	-
Total Intergovernmental	-	43,344	-
TOTAL REVENUE	<u>\$ 43,945</u>	<u>51,805</u>	<u>\$ 7,860</u>
EXPENDITURES:			
Routine maintenance	7,580	7,562	18
Traffic services	4,625	4,622	3
Winter maintenance	12,925	12,909	16
Administrative	4,365	4,364	1
Construction:	-	-	-
TOTAL EXPENDITURES	<u>29,495</u>	<u>29,457</u>	<u>38</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>14,450</u>	<u>22,348</u>	<u>7,898</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES (USES):	-	-	-
EXCESS OF REVENUE & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	<u>14,450</u>	<u>22,348</u>	<u>7,898</u>
FUND BALANCE - APRIL 1	<u>69,705</u>	<u>69,705</u>	-
FUND BALANCE - MARCH 31	<u>\$ 84,155</u>	<u>\$ 92,053</u>	<u>\$ 7,898</u>

See the accompanying notes.

VILLAGE OF GAGETOWN
LOCAL STREET FUND
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Local revenue			
Property tax levy	-	\$ 2,973	-
Tax levy - county bridge & road improvement	-	-	-
Total Local	-	2,973	-
Intergovernmental revenue:			
Gas & weight tax	-	13,243	-
Total Intergovernmental	-	13,243	-
TOTAL REVENUE	<u>\$27,170</u>	<u>16,216</u>	<u>\$ (10,954)</u>
EXPENDITURES:			
Routine maintenance	10,295	10,264	31
Traffic services	1,300	1,281	19
Winter maintenance	5,165	5,149	16
Administrative	3,000	2,992	8
Construction	-	-	-
TOTAL EXPENDITURES	19,760	19,686	74
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>7,410</u>	<u>(3,470)</u>	<u>(10,880)</u>
FUND BALANCE - APRIL 1	<u>48,262</u>	<u>48,262</u>	<u>-</u>
FUND BALANCE - MARCH 31	<u>\$55,672</u>	<u>\$44,791</u>	<u>\$ (10,880)</u>

See the accompanying notes.

VILLAGE OF GAGETOWN
GENERAL FUND
SCHEDULE OF REVENUE - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Local revenue:			
Current property tax	\$ 85,900	\$ 90,340	\$ 4,440
Intergovernmental Revenue:			
State revenue sharing	40,900	45,063	4,163
Liquor license	-	-	-
Total Intergovernmental Revenue	<u>40,900</u>	<u>45,063</u>	<u>4,163</u>
License, Permits and Fees:			
Building Permits	<u>50</u>	<u>-</u>	<u>(50)</u>
Fines and Forfeitures:			
Ordinance fines and fees	<u>-</u>	<u>153</u>	<u>153</u>
Charges For Services:			
Refuse collection	<u>11,700</u>	<u>11,962</u>	<u>262</u>
Miscellaneous Revenue:			
Graves	500	626	126
Interest income	200	440	240
Miscellaneous income	<u>350</u>	<u>2,958</u>	<u>2,608</u>
Total Miscellaneous Revenue	<u>1,050</u>	<u>4,024</u>	<u>2,974</u>
TOTAL REVENUE	<u>\$ 139,600</u>	<u>\$ 151,542</u>	<u>\$ 11,942</u>

See the accompanying notes.

VILLAGE OF GAGETOWN
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:			
Clerk/Treasurer:			
Salaries	-	\$ 18,067	-
Fringe benefits	-	2,963	-
Office supplies & expense	-	2,170	-
Bonds & insurance	-	3,684	-
Contracted services	-	996	-
Professional fees	-	1,074	-
Telephone	-	2,035	-
Miscellaneous	-	2,421	-
Total Clerk/Treasurer	<u>\$ 35,950</u>	<u>33,410</u>	<u>\$ 2,540</u>
Village Buildings & Grounds:			
Salaries & wages	-	2,932	-
Fringe benefits	-	224	-
Insurance	-	1,815	-
Heat, light & power	-	7,611	-
Repairs and maintenance	-	2,994	-
Equipment rental	-	3,487	-
Capital Outlay	-	-	-
Miscellaneous	-	142	-
Total Village Buildings & Grounds	<u>19,245</u>	<u>19,205</u>	<u>40</u>
Police Department:			
Salaries	-	15,781	-
Employee benefits	-	949	-
Supplies and maintenance	-	3,451	-
Insurance	-	3,579	-
Total Police Department	<u>23,825</u>	<u>23,760</u>	<u>65</u>

(Continued)

VILLAGE OF GAGETOWN
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):			
Public Works Department:			
Salaries	-	\$ 5,799	-
Employee benefits	-	309	-
Tools and supplies	-	3,514	-
Contracted services-refuse	-	13,321	-
Equipment rental	-	2,430	-
Street lights	-	14,859	-
Sidewalk construction	-	2,603	-
Hydrant rental	-	10,000	-
	<hr/>	<hr/>	<hr/>
Total Public Works Department	<u>\$ 52,875</u>	<u>52,835</u>	<u>\$ 40</u>
Parks:			
Salaries	-	3,969	-
Employee benefits	-	251	-
Equipment rental	-	8,973	-
Utilities	-	-	-
Repairs and maintenance	-	351	-
Miscellaneous	-	95	-
	<hr/>	<hr/>	<hr/>
Total Parks	<u>13,690</u>	<u>13,639</u>	<u>51</u>
TOTAL EXPENDITURES	<u><u>\$ 145,585</u></u>	<u><u>\$ 142,849</u></u>	<u><u>\$ 2,736</u></u>

See the accompanying notes.

VILLAGE OF GAGETOWN
WATER FUND
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES
AND CHANGE IN RETAINED EARNINGS
YEAR ENDED MARCH 31, 2008

OPERATING REVENUES:	
Water system sales	\$ 28,981
Other services, charges & sales	10,000
Interest & penalties	<u>-</u>
TOTAL OPERATING REVENUE	<u>38,981</u>
OPERATING EXPENSES:	
Salaries & wages	4,227
Employee benefits	323
Operating supplies	570
Professional fees	-
Insurance	1,896
Utilities	5,623
Repairs & maintenance	898
Equipment rental	5,347
Testing	2,295
Depreciation	54,992
Miscellaneous	<u>-</u>
TOTAL OPERATING EXPENSES	<u>76,170</u>
OPERATING INCOME (LOSS)	<u>(37,189)</u>
NON-OPERATING REVENUE (EXPENSES)	
Interest expenses	<u>(23,762)</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(23,762)</u>
NET INCOME (LOSS)	(60,951)
RETAINED EARNINGS/FUND BALANCE - APRIL 1	<u>10,730</u>
RETAINED EARNINGS/FUND BALANCE - MARCH 31	<u><u>\$ (50,221)</u></u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF GAGETOWN
SEWAGE DISPOSAL FUND
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES
AND CHANGE IN RETAINED EARNINGS
YEAR ENDED MARCH 31, 2008

OPERATING REVENUES:	
Sewer system sales	\$ 11,876
Other services, charges & sales	-
Interest & penalties	-
	<hr/>
TOTAL OPERATING REVENUE	11,876
	<hr/>
OPERATING EXPENSES:	
Salaries & wages	6,338
Employee benefits	81
Operating supplies	490
Contracted Services	11,000
Professional fees	-
Insurance	3,347
Utilities	1,426
Repairs & maintenance	3,830
Equipment rental	-
Testing	-
Depreciation	52,560
Miscellaneous	591
	<hr/>
TOTAL OPERATING EXPENSES	79,663
	<hr/>
OPERATING INCOME (LOSS)	(67,787)
	<hr/>
NON-OPERATING REVENUE (EXPENSES)	
Interest earned	4,990
Transfer to general fund	-
	<hr/>
TOTAL NON-OPERATING REVENUE (EXPENSES)	4,990
	<hr/>
NET INCOME (LOSS)	(62,797)
	<hr/>
ADD: Depreciation of fixed assets acquired by grant which reduces contributed capital	43,264
	<hr/>
INCREASE IN RETAINED EARNINGS	(19,533)
	<hr/>
RETAINED EARNINGS/FUND BALANCE - APRIL 1	(2,856)
	<hr/>
RETAINED EARNINGS/FUND BALANCE - MARCH 31	\$ (22,389)
	<hr/>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF GAGETOWN
MAJOR STREET FUNDS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2008

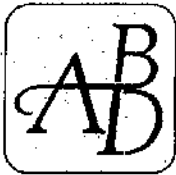
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:			
Routine Maintenance:			
Labor	-	\$ 3,636	-
Employee benefits	-	266	-
Materials and supplies	-	1,740	-
Equipment rental	-	1,920	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Routine Maintenance	<u>\$ 7,580</u>	<u>7,562</u>	<u>\$ 18</u>
Traffic Services:			
Labor	-	1,029	-
Employee benefits	-	79	-
Equipment rental	-	3,514	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Traffic Services	<u>4,625</u>	<u>4,622</u>	<u>3</u>
Winter Maintenance:			
Labor	-	2,834	-
Employee benefits	-	217	-
Supplies	-	1,108	-
Equipment rental	-	8,750	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Winter Maintenance	<u>12,925</u>	<u>12,909</u>	<u>16</u>
Administrative:			
Professional fees	-	-	-
Liability insurance	-	4,364	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Administrative	<u>4,365</u>	<u>4,364</u>	<u>1</u>
Construction:			
Material	-	-	-
Equipment rental	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Construction	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$29,495</u>	<u>\$29,457</u>	<u>\$ 38</u>

See the accompanying notes.

VILLAGE OF GAGETOWN
LOCAL STREET FUNDS
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED MARCH 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:			
Routine Maintenance:			
Labor	-	\$ 4,292	-
Employee benefits	-	328	-
Materials and supplies	-	712	-
Equipment rental	-	4,932	-
Total Routine Maintenance	<u>\$ 10,295</u>	<u>10,264</u>	<u>\$ 31</u>
Traffic Services:			
Labor	-	326	-
Employee benefits	-	16	-
Equipment rental	-	939	-
Total Traffic Services	<u>1,300</u>	<u>1,281</u>	<u>19</u>
Winter Maintenance:			
Labor	-	936	-
Employee benefits	-	72	-
Supplies	-	1,000	-
Equipment rental	-	3,141	-
Total Winter Maintenance	<u>5,165</u>	<u>5,149</u>	<u>16</u>
Administrative:			
Professional fees	-	-	-
Liability insurance	-	2,992	-
Total Administrative	<u>3,000</u>	<u>2,992</u>	<u>8</u>
Construction:			
Labor & Misc.	-	-	-
TOTAL EXPENDITURES	<u>\$ 19,760</u>	<u>\$ 19,886</u>	<u>\$ 74</u>

See the accompanying notes.



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

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Jamie L. Peasley, CPA
Timothy Franzel

Robert L. Tuckey, CPA

September 4, 2008

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the Board
Village of Gagetown

In planning and performing our audit of the financial statements of the Village of Gagetown as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of Gagetown's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. During the course of our audit, we observed the following significant deficiencies:

Segregation of Duties

Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. We recommend the Village segregate duties whenever possible.

Financial Statements

After considering the qualifications of the accounting personnel of the Village of Gagetown, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Village, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

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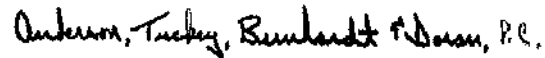
Members of the Board
September 4, 2008

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

This communication is intended solely for the information and use of management, the Village of Gagetown, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the Village of Gagetown and look forward each year to continuing our relationship. The cooperation extended to us by your staff throughout the audit was greatly appreciated. Should you wish to discuss any item included in this letter further, we would be happy to do so.

Very truly yours,



Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

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Jamie L. Peasley, CPA
Timothy Franzel

September 4, 2008

Robert L. Tuckey, CPA

To the Members of the Board
Village of Gagetown

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Gagetown for the year ended March 31, 2008, and have issued our report thereon dated May 30, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 16, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 16, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village of Gagetown are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 4, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Members of the Board and management of the Village of Gagetown and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt, & Doran, P.C.
Certified Public Accountants